

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 492 - HB 601

March 21, 2018

SUMMARY OF BILL: Eliminates the right of redemption for real property sold in a delinquent property tax sale.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – To the extent a property is sold in a delinquent property tax sale that would have otherwise been redeemed or attempted to be redeemed by an owner, local governments may incur a mandatory decrease in local expenditures and a mandatory decrease in local revenue. The extent and timing of any such impact are dependent upon the actions of an owner in each delinquent tax sale and cannot be reasonably quantified.

Assumptions:

- Under current law, pursuant to Tenn. Code Ann. § 67-5-2701, upon the entry of an order confirming a sale of a parcel in a delinquent property tax sale, a right to redeem is required to vest in all interested persons. In order to redeem a parcel, an entitled person is required to file a motion to such effect in the proceedings in which the parcel was sold. The petitioner is required to pay the clerk an amount equal to the total amount of delinquent taxes, penalty, court costs, interest on the entire purchase price paid by the purchaser of the parcel, and 12 percent annual interest from the purchase date to the motion to redeem is filed.
- This legislation removes the redemption period and states that at the conclusion of a delinquent property tax sale, any persons claiming any right, title, or interest in, or lien upon, any parcel is required to be forever barred and foreclosed of any such right, title, or interest in, lien upon, and any equity of redemption in, such parcel.
- Removing the redemption period for all interested persons in a delinquent property tax sale may lead state and local governments to collect outstanding taxes sooner than authorized under current law; any net impact is not significant. There will be a mandatory decrease in local expenditures associated personnel and court costs necessary for any redemption proceedings, and a mandatory decrease in local revenue associated with the repayment of any penalty, interest, and court costs collected during the redemption proceedings; however, such impacts are dependent upon the action of an owner during a delinquent property tax sale and cannot be reasonably quantified.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj